



SAGAR CEMENTS LIMITED

SCL:SEC:NSE:BSE:2020-21

29th May 2020

The National Stock Exchange of India Ltd.,
"Exchange Plaza", 5th Floor
Bandra – Kurla Complex
Bandra (East)
Mumbai – 400 051

The Secretary
BSE Limited
P J Towers
Dalal Street
Mumbai – 400 001

Symbol: SAGCEM
Series: EQ

Scrip Code: 502090

Dear Sirs

Press Release regarding audited Financial Results (Standalone and Consolidated) for the quarter and year ended March 31, 2020

Further to our letter of date, we are sending herewith a copy of the Press Release being issued by us in connection with the audited financial results for the quarter and year ended 31st March 2020.

Thanking you

Yours faithfully
For Sagar Cements Limited


R. Soundararajan
Company Secretary

Encl: a.a.



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Factory : Mattampally (Village & Mandal) - 508204, Suryapet - District. Phone : 08683 - 247039
CIN : L26942TG198IPLC002887



Sagar Cements Limited

Q4 & FY20 Results Presentation



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Promoted by experienced technocrat and entrepreneurs; Listed entity with over 3 decades of successful operations

Plant started in 1985 with a capacity of 66,000 TPA. Current group capacity : 5.75 MTPA.

Captive power capacity of 61.35 MW includes 18 MW Thermal power plant which has been commissioned during current year.

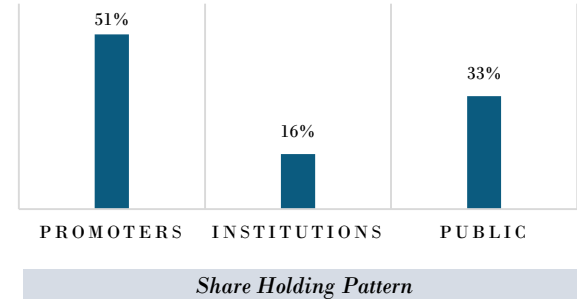
Strong presence across all five southern states; Since expanded its presence to Maharashtra and Odisha.

Manufactures Ordinary Portland Cement (OPC) of 53 & 43, Portland Pozzalona Cement (PPC), Sulphate Resistant Cement (SRC), Portland Slag Cement (PSC) & GGBS.

Strong brand built over more than 3 decades – “Sagar Cement”

AvH Resources India Pvt. Ltd., a wholly owned subsidiary of Ackermans & Van Haaren NV belonging to AvH Group, a Belgian major with revenues of ~EUR 5.4 billion holds 19.57% equity stake in the Company.

High focus on technology and process efficiencies; High levels of Corporate Governance standards



Capital Market Metrics	
Listed on	BSE & NSE
CMP (INR)*	275.50
M-Cap (INR mn)	~6,137
52 week high (INR)	~720 (25 th July 19)
52 week low (INR)	~246 (25 th March, 20)

*Market price at close on 28th May, 2020

Cement Facilities

3 Mn Tonnes Integrated Plant -
Mattampally



1.25 Mn Tonnes Integrated Plant at
Gudipadu



1.5 Mn Tonne Cement Grinding Plant -
Bayyavaram



Clinker Capacity

Facility	Capacity MTPA
SCL	2.80
SC (R)	1.00
Total Clinker Capacity	3.80

- Fully integrated & automated facilities
- Strong distribution
- Track Record of consistent profits
- Successful inorganic and organic expansion initiatives
- Strong Financial Performance



- ISO 9001 : 2000 QMS
- ISO 50001 : 2018 EMS
- OHSAS 18001 : 2005
- RMF & ICD for SOX Compliance
- NABL accreditation
- Green Co Certificate
- Green Pro Certificate

Cements Capacity

Facility	Capacity MTPA
Sagar Cements – Mattampally, Suryapet District, Telangana	3.00
SC (R) – Gudipadu, Anantapur, Andhra Pradesh	1.25
Sagar Cements – Bayyavaram, Visakhapatnam, Andhra Pradesh	1.50
Total Cement Capacity	5.75

Power Plants

Facility	Capacity MW
Sagar Cements – Thermal Power Plant	18 MW
Waste Heat Recovery Power Plant	8.8 MW
Hydro Power	8.3 MW
Solar Power	1.25 MW
SC (R) – Thermal Power Plant at Gudipadu	25 MW
Total Capacity	61.35 MW

Mattampally WHRS -8.80 MW



Captive Power Facilities

25 MW Thermal Power Plant at
Gudipadu



GBC Hydro – 4.3
MW

LIS Hydro
-4.00 MW



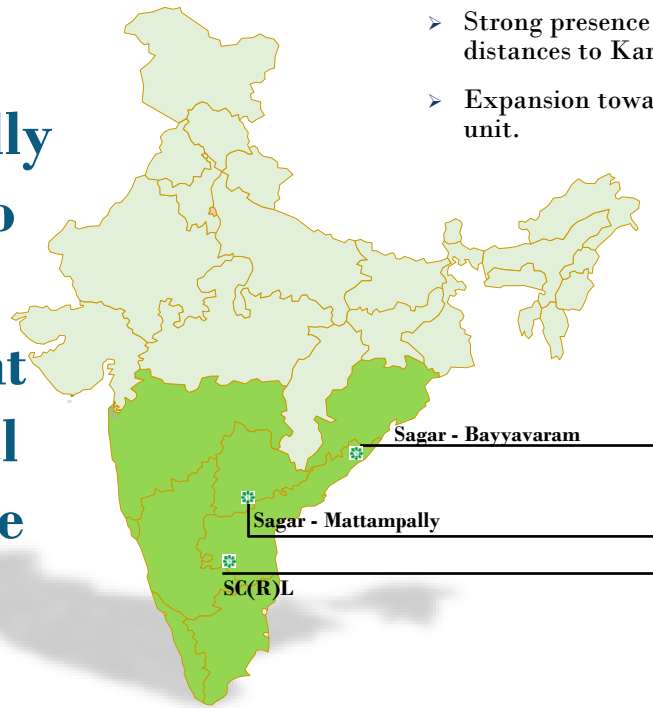
Mattampally Thermal Power Plant -18
MW



Mattampally Solar Plant -1.25 MW



Strategically located to reap a significant locational advantage



Well positioned to capture recovery in south with key strategic expansion initiatives

- Strong presence across key southern markets with the acquisition of SCL(R) – shorter lead distances to Karnataka, Tamil Nadu and Kerala
- Expansion towards East with the acquisition and subsequent expansion of Bayyavaram unit.

Sagar Cements – Bayyavaram, AP

Capacity	1.5 MTPA
Key Markets	Vizag, Vizianagaram, Srikakulam, South Odisha
Captive hydel power	8.3 MW

Sagar Cements – Mattampally, Telangana

Capacity	3.0 MTPA
Key Markets	AP, Telangana, TN, Odisha, Maharashtra
Limestone reserve	Over 600 mn tonnes
Captive power through multiple sources	28.05 MW

Sagar Cements (R) – Gudipadu, AP

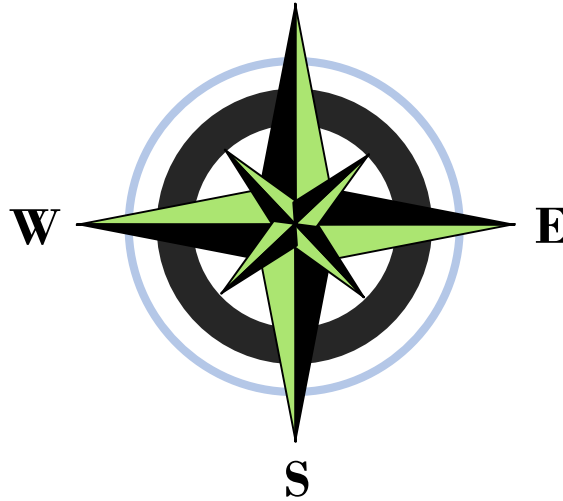
Capacity	1.25 MTPA
Key Markets	AP, Karnataka, TN
Limestone reserve	Over 174 mn tonnes (20 yr. lease)
Captive thermal power	25 MW

- Though niche, to remain effective cement and clinker manufacturer across chosen markets.
- Emphasis on efficiency and quality of operations – to be one of the manufacturers with lowest cost in each of its designated market.



Doubling of Capacity every 10 years

Pick up in
Infrastructure
activities supported
pricing in the region



Steady prices
amidst demand
slowdown and
heightened
competitive
intensity

Demand from Govt. projects and
individual housing building segment
pre pandemic aided prices



**Perspective
on Cement
Prices**

Commenting on the performance,
Mr. Sreekanth Reddy, Jt. Managing Director of the Company said,

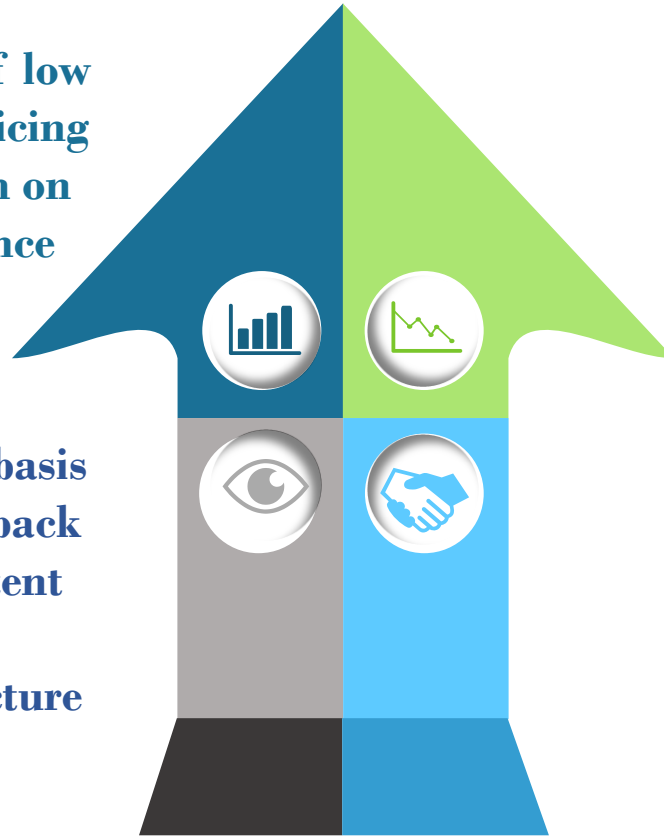
“A challenging H2 weighed in on the annual performance, offsetting the solid performance in the first half of the fiscal. While prices remained relatively steady, stand-still of economic activities post the outbreak of covid-19 impacted the overall demand and product off-take.

Further, while lower operating leverage impacted margins and operating profitability, benign input prices and our cost rationalization measures helped soften the overall impact. While the logistic and demand related headwinds may persist in near term, we are hopeful that our recent strategic measures will help us to further enhance our efficiencies and lower our operating expenses. Commissioning of CPP and Bayyavaram expansion has already started paying dividends in terms of lowering our power & freight expenses. Further the completion of Satguru & Jajpur cements acquisition will help us accelerate our growth process by helping us improve our product mix and meeting the needs of faster growing markets.

Going ahead, a gradual pick up in the construction and liquidity levels along with easing of labor and goods movement will help revive the demand for the sector.”

Headwinds in terms of low demand and steady pricing environment to weigh on near term performance

Outlook on a long term basis remains positive on the back of government's persistent efforts towards strengthening infrastructure



Lower input costs and prudent cost management helping maintain profitability

Strategic initiatives aimed towards lowering cost and targeting newer markets to drive future growth

Satguru Cement Private Limited Project Site Photos



Jajpur Cements Private Limited Project Site Photos



Key Highlights

Capacity	1 MTPA Integrated Cement facility
Acquisition completed	8 th May 2019
Sagar Cements Stake	65%
Project Cost (Rs. in Crores)	488
Achieved financial closure with	State Bank of India/IndusInd Bank
Tenure	12 Years
Loan Documentation	Completed

Key Highlights

Capacity	1.5 MTPA Grinding facility
Acquisition completed	2 nd May 2019
Sagar Cements Stake	100%
Project Cost (Rs. in Crores)	308
Achieved financial closure with	Axis Bank
Tenure	12 Years
Loan Documentation	Completed

<i>Consolidated</i>						
Particulars	Q4 FY20	Q4 FY19	%	FY20	FY19	%
<i>Sales Volume(Mt)</i>	8,36,922	9,44,208	-11.36%	31,31,303	33,22,956	-5.77%
<i>Sales</i>	30,587	36,673	16.60%	1,17,918	1,22,043	-3.38%
<i>Ebitda</i>	4,695	6,264	-25.05%	18,953	15,229	24.45%
<i>Ebitda/Mt</i>	561	663	-15.44%	605	458	32.07%
<i>PAT</i>	118	1875	-93.71%	2,653	1,359	95.22%

Covid Impact

- Shutdown of plants from March 23rd to May 3rd (Mattampally) & 4th (Gudipadu)
- Plants presently operating at moderate levels of around 30%.
- The pandemic also disrupted logistic & labour movement impacting sales activities
- We anticipate that ex-Covid the Q4 could have grown by 10%

SCL's actions during pandemic

- Precautionary measures for its employees – all operations kept shut despite permission to operate as cement is an essential commodity
- Regular engagement with employees, customers & vendors
- Timely payment of Salaries to its employees
- Cost rationalization measures
- Greater use of technology

Figs. In Lacs

Sagar Cements Limited

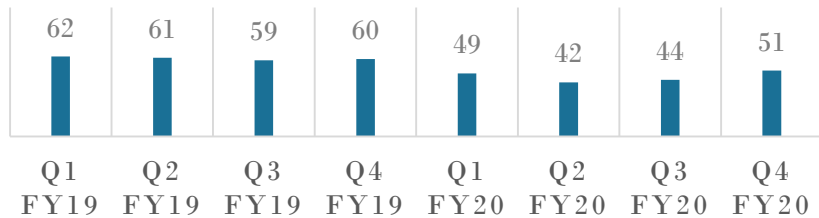
Particulars	Q4 FY20	Q4 FY19	%	FY20	FY19	%
<i>Sales Volume(Mt)</i>	6,03,229	6,93,354	-13.00%	22,70,852	24,89,033	-8.77%
<i>Sales</i>	22,029	27,219	-19.07%	86,390	91,707	-5.80%
<i>Ebitda</i>	3,565	4,504	-20.85%	13,522	11,439	18.21%
<i>Ebitda/Mt</i>	591	650	-9.02%	595	460	29.57%
<i>PAT</i>	859	1690	-49.17%	3,473	2,662	30.47%

Sagar Cements(R) Limited

Particulars	Q4 FY20	Q4 FY19	%	FY20	FY19	%
<i>Sales Volume(Mt)</i>	2,33,693	2,50,855	-6.84%	8,60,451	8,33,924	3.18%
<i>Sales</i>	8,990	11,219	-19.87%	35,162	36,825	-4.52%
<i>Ebitda</i>	1,510	2,073	-27.13%	6,861	5,063	35.50%
<i>Ebitda/Mt</i>	646	826	-21.78%	797	607	31.32%
<i>PAT</i>	(614)	227	-	(501)	(1,139)	-

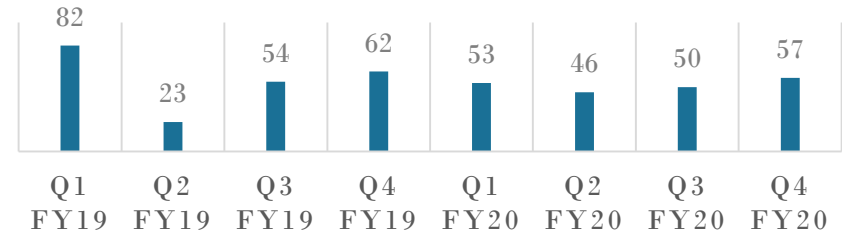
MATTAMPALLY PLANT

■ Cement Utilisation (%)



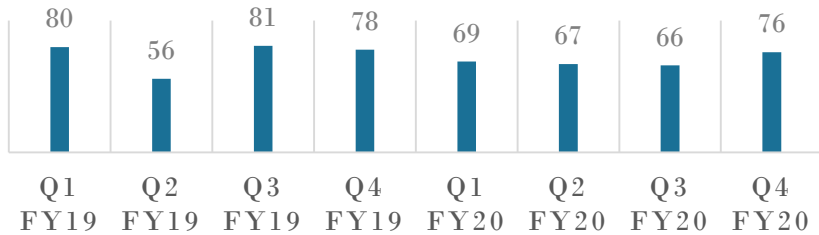
BAYYAVARAM PLANT

■ Cement Utilisation (%)



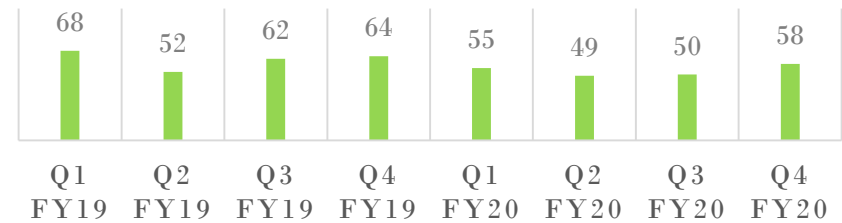
GUDIPADU PLANT

■ Cement Utilisation (%)



CONSOLIDATED

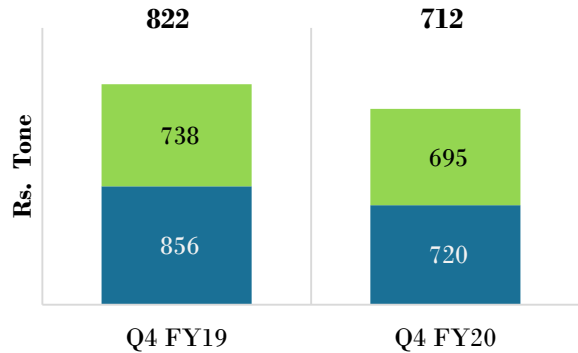
■ Cement Utilisation (%)



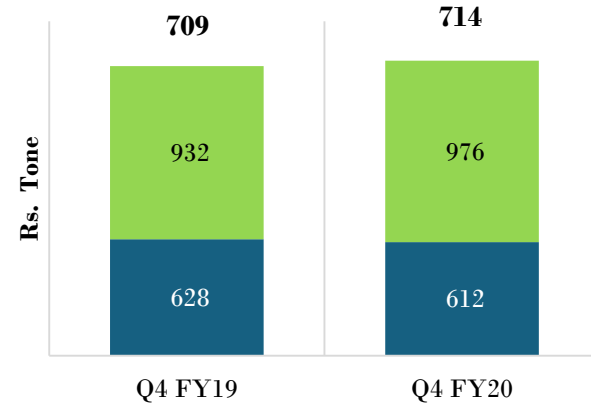
Q2 FY19	Q3 FY19	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20
Coal : Pet coke mix was 25:75	Coal : Pet coke mix was 45:55	Coal: Pet coke mix was 9:91	Coal Pet coke mix was 0 : 100	Coal Pet coke mix was 0 : 100	Coal Pet coke mix was 0 : 100	Coal Pet coke mix was 0: 100

<i>Thermal Fuel Cost (Rs. / Tonne)</i>					
		Q1	Q2	Q3	Q4
Coal	FY18	6,148	6,082	6,533	5,910
Pet coke		7,016	7,581	8,079	8,251
Coal	FY19	5,146	5,125	5,250	5,197
Pet coke		8,577	9,452	9,840	9,529
Coal	FY20	4,050	5,419	5,415	-
Pet coke		9,036	8675	7,999	7,167

Avg. Fuel Cost Per Tonne



Freight Cost per Tonne

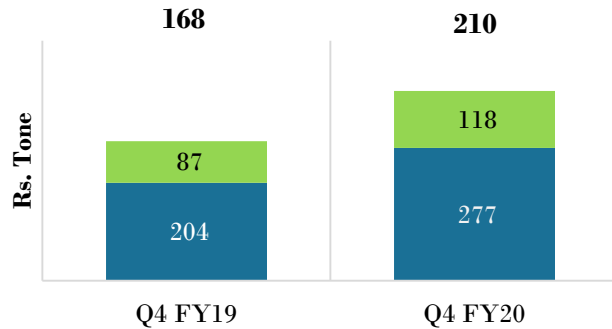


■ Sagar ■ SCRL

- Presently we are using 100% pet coke at Mattampally & Gudipadu Plants.
- Optimization of thermal efficiency has resulted in lower per ton cost of fuel.

- Weighted average freight cost per ton increased marginally during Q4FY20 in comparison to Q4FY19.

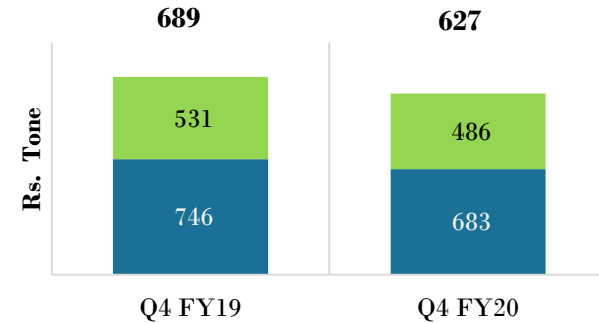
Employee Cost per ton of Cement



■ Sagar ■ SCRL

- Employee costs during Q4 FY 20 amounted to Rs. 210 per ton on console basis as against Rs. 168 per ton during Q4 FY19. Per ton cost is higher in comparison to previous year mainly on account of lower sales volume.

Raw Material Cost per ton of Cement



- Material cost per ton during Q4 FY 20 on console basis was Rs. 627 per ton as against Rs. 689 per ton during Q4 FY19.

Description	Sagar Cements Ltd Qty in MT	Sagar Cements (R) Ltd Qty in MT	Consolidated Qty in MT
Clinker	4,50,215	1,96,742	6,46,957
Cement Production / Purchase	5,95,707	2,38,167	8,33,874
Cement Sales	6,03,229	2,33,693	8,36,922

<i>Consolidated Dispatch Details</i>					
TPT	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	Total
BY ROAD	7,43,053	7,19,364	9,21,575	9,41,937	33,25,929
BY RAKE	0	0	0	0	0
TOTAL	7,43,053	7,19,364	9,21,575	9,41,937	33,25,929
TPT	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Total
BY ROAD	8,21,848	7,11,826	7,59,745	838421	31,31,840
BY RAKE	0	0	2,744	2680	5,424
TOTAL	8,21,848	7,11,826	7,62,489	8,41,101	31,37,264

Rs. In Lakh	Sagar Cements Ltd.	Sagar Cements (R) Ltd.	Consolidated
Gross Debt	25,057	31,210	48,801
- Long Term	14,792	27,912	34,738
- Working Capital	10,765	3,298	14,063
Cash & Bank Balance	1,014	76	1,275
Debt Equity Ratio (%)	0.14	4.89	0.34
Net Worth	1,03,251	5,710	1,02,059
Investments	47,726	-	-

As of Mar 31, 2020

Safe Harbour :

Certain matters discussed in this communication may contain statements regarding the company's market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian Economy and of the economies of various International markets, the performance of the Cement Industry in India and world-wide, competition, the company's ability to successfully implement its strategy, the company's future levels of growth and expansion, technological implementation, changes and advancements, change in revenue, income or cash flows, the company's market preferences and its exposure to market risks, as well as other risks. The company's actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this presentation. The Company assumes no obligation to update any forward-looking information contained in this communication. Any forward – looking statements and projections made by third parties included in this communication are not adapted by the company and the company is not responsible for such third party statements and projections

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